

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Davis Analyst: Jeani Brent Bill Number: AB 482

Related Bills: See Prior Analysis Telephone: 845-3410 Amended Date: 04/14/1999

Attorney: Pat Kusiak Sponsor:

SUBJECT: California Seed Capital and Early Stage Corporation Fund Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

☒ FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 18, 1999 STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Corporations Code, this bill would establish the California Seed Capital and Early Stage Corporation (the corporation) to mobilize investment in private seed and venture capital partnerships or entities through a single designated for-profit investment fund.

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would allow taxpayers to claim credits against their insurance gross premium, personal income, or bank and corporation tax, as certified by the corporation, for any shortfalls that occur in the scheduled or actual returns to investors.

The Revenue and Taxation Code provisions relating to the insurance gross premium tax credit is not administered by the department.

SUMMARY OF AMENDMENT

The April 14, 1999, amendments made various changes to the Corporations Code provisions relating to the creation of the corporation and the investment fund. These changes do not impact the department. Except for the technical consideration addressed below, the department's analysis of the bill as introduced February 18, 1999, still applies.

Technical Considerations

Under the PITL and B&CTL, this bill provides that the credits would be available for taxable or income years beginning on or after January 1, 2000, and before January 1, 2026.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input checked="" type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING

Department/Legislative Director Date

Johnnie Lou Rosas **05/10/1999**

However, under the Corporations Code, this bill states that a credit may not be claimed before January 1, 2000, or after December 31, 2025. The Corporations Code provision would operate to deny the 25th year of the credit to any taxpayers that files tax returns on a fiscal year basis. Amendment 1 would delete the Corporations Code provision. The proposed deletion would not impact the PITL and B&CTL credits because those provisions contain operative dates. The proposed deletion also should not impact the insurance gross premium tax credit because this bill would not be effective until January 1, 2000, and the insurance gross premium tax credit provision includes a sunset date.

Analyst	Jeani Brent
Telephone #	845-3410
Attorney	Pat Kusiak

FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 482
As Amended April 14, 1999

AMENDMENT 1

On page 6, strikeout lines 36 and 37, and insert:

this chapter. The